

Message Text

PAGE 01 STATE 156044
ORIGIN ARA-14

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TO AMEMBASSY KINGSTON PRIORITY
AMEMBASSY SANTO DOMINGO PRIORITY
AMEMBASSY BRIDGETOWN PRIORITY
AMEMBASSY GEORGETOWN PRIORITY
AMEMBASSY PORT AU PRINCE PRIORITY
AMEMBASSY OTTAWA PRIORITY
AMEMBASSY LONDON PRIORITY
AMEMBASSY CARACAS PRIORITY
AMEMBASSY NASSAU PRIORITY
AMCONSUL CURACAO PRIORITY
AMEMBASSY PARAMARIBO PRIORITY
AMEMBASSY PORT OF SPAIN PRIORITY

UNCLAS STATE 156044

E.O. 11652:N/A

TAGS:

SUBJECT:TEXT OF GOVERNOR GILLIGAN'S STATEMENT AT THE FIRST
MEETING OF THE CARIBBEAN GROUP.

1. FOLLOWING IS THE TEXT OF STATEMENT DELIVERED BY GOVERNOR GILLIGAN AT THE FIRST MEETING OF THE CARIBBEAN GROUP AT UNCLASSIFIED

PAGE 02 STATE 156044

THE WORLD BANK ON JUNE 19TH:

2. "MR. CHAIRMAN AND DISTINGUISHED COLLEAGUES. IT IS WITH GREAT PLEASURE AND SATISFACTION THAT THE U.S. DELEGATION PARTICIPATES IN THIS, THE FIRST MEETING OF THE CARIBBEAN GROUP FOR COOPERATION IN ECONOMIC DEVELOPMENT. THIS MEETING PROVIDES A UNIQUE OPPORTUNITY TO COLLECTIVELY ADDRESS THE PRESSING ECONOMIC PROBLEMS OF THE AREA AND TO SUPPORT REGIONAL DEVELOPMENT.

"MR. CHAIRMAN, AT THE OUTSET I WANT TO EXPRESS THE ADMIRATION AND APPRECIATION OF MY DELEGATION TO THE WORLD BANK AND ITS STAFF, AND TO THE CO-SPONSORING INSTITUTIONS, FOR THE EXCELLENT PREPARATORY WORK THAT HAS BEEN ACCOMPLISHED FOR THIS IMPORTANT MEETING.

" AT THE DECEMBER CONFERENCE ON THE CARIBBEAN, WHICH LED

TO THE ESTABLISHMENT OF THE CARIBBEAN GROUP, CONSENSUS WAS ACHIEVED ON THE GENERAL OBJECTIVES OF THE GROUP AND ON MATTERS WHICH SHOULD RECEIVE PRIORITY ATTENTION. THE BASIC OBJECTIVES OF THE GROUP INCLUDE THE FOLLOWING:

-- TO ACCELERATE ECONOMIC DEVELOPMENT;

-- TO HELP COUNTRIES ADJUST TO ADVERSE CHANGES IN THE WORLD ECONOMIC ENVIRONMENT;

-- TO SUPPORT ECONOMIC COOPERATION AMONG CARIBBEAN COUNTRIES; AND

-- TO INCREASE AND MAKE MORE EFFECTIVE EXTERNAL ASSISTANCE TO THE REGION.

UNCLASSIFIED

PAGE 03 STATE 156044

"THE TASK BEFORE US NOW IS TO TAKE CONCRETE ACTIONS TOWARDS ACHIEVING THESE OBJECTIVES. THIS IS NO SMALL TASK. FORTHRIGHT AND PERSISTENT EFFORTS WILL BE REQUIRED OF EACH OF US.

"THE AGENDA FOR THIS MORNING'S SESSION INCLUDES THE PROPOSAL FOR A SPECIAL CARIBBEAN DEVELOPMENT FACILITY. THIS IMAGINATIVE PROPOSAL ADDRESSES THE PARTICULAR PROBLEM THAT CONCERNED THE EARLY PROMOTERS OF THE CARIBBEAN GROUP CONCEPT--THE PROBLEM OF FINDING A MEANS TO ENABLE CARIBBEAN COUNTRIES TO MAINTAIN ACCEPTABLE LEVELS OF DEVELOPMENT WHILE EXECUTING NECESSARY POLICIES TO RESTORE ECONOMIC STABILITY.

"COMBINING NATIONAL SELF-HELP POLICY REFORM MEASURES WITH EXTERNAL ASSISTANCE, THE FACILITY WOULD MOBILIZE ADDITIONAL DONOR SUPPORT FOR LOCAL COST REQUIREMENTS OF PRIORITY DEVELOPMENT PROJECTS, PROVIDING AN ADJUSTMENT PERIOD DURING WHICH THE BENEFITS OF THE POLICY MEASURES UNDERTAKEN WOULD BE REALIZED. FOLLOWING THIS PERIOD OF THREE TO FIVE YEARS, CARIBBEAN COUNTRIES SHOULD THEN BE IN A POSITION TO EFFECT SUSTAINED GROWTH, SUPPORTED BY CONVENTIONAL ASSISTANCE BUT WITHOUT THE NEED FOR FURTHER SPECIAL ASSISTANCE.

"THE FACILITY IS CONCEIVED AND CAN ONLY BE JUSTIFIED AS AN INTERIM ASSISTANCE INSTRUMENT. THE NEED FOR THE FACILITY IS CLEARLY ESTABLISHED BY A VARIETY OF INDICATORS INCLUD-

ING LOW AND EVEN NEGATIVE GROWTH RATES, DISEQUILIBRIUM IN EXTERNAL AND DOMESTIC ACCOUNTS, HIGH UNEMPLOYMENT RATES, AND LAGGING IMPLEMENTATION OF EXISTING DEVELOPMENT ACTIVITIES.

"THERE NEEDS TO BE REASONABLE ASSURANCE, HOWEVER, THAT DURING THE PERIOD THE FACILITY WOULD BE IN OPERATION THE CARIBBEAN COUNTRIES WILL UNDERTAKE NECESSARY STRUCTURAL UNCLASSIFIED

PAGE 04 STATE 156044

REFORM MEASURES. AMONG OTHER THINGS, THESE MEASURES SHOULD PROGRESSIVELY RESULT IN APPROPRIATE LEVELS OF PUBLIC SAVINGS WITH WHICH TO FINANCE DOMESTIC INVESTMENT REQUIREMENTS FOR SUSTAINED ECONOMIC GROWTH. WITHOUT THIS ASSURANCE, WITHOUT THE FULL COMMITMENT OF THE CARIBBEAN COUNTRIES TO SELF-HELP EFFORTS, DONORS SUCH AS THE U.S. WILL NOT BE ABLE TO PERSUADE OUR LEGISLATURES TO PROVIDE THE ADDITIONAL RESOURCES REQUIRED TO MEET THESE SPECIAL NEEDS. OF COURSE, THE ACTIONS OF OTHER DONORS ALSO WILL BE CRITICAL TO THE U.S. GOVERNMENT'S SUBSTANTIAL PARTICIPATION IN THIS PROGRAM.

"THE SUMMARY REPORT AND COUNTRY MEMORANDA PREPARED BY THE WORLD BANK ELABORATE ON THE MEASURES THAT SHOULD BE UNDERTAKEN BY THE RESPECTIVE CARIBBEAN COUNTRIES TO REESTABLISH THEIR ECONOMIES ON FIRM FOOTINGS WHERE GROWTH WITH EQUITY CAN BE RESUMED ON A SUSTAINED BASIS. THESE REQUIREMENTS, OF COURSE, VARY SOMEWHAT IN DEGREE AND KIND FROM COUNTRY TO COUNTRY AND WILL BE SPECIFICALLY DISCUSSED IN THE VARIOUS SUBGROUP MEETINGS. I WOULD LIKE TO GENERALLY SUMMARIZE SOME OF THESE REQUIRED MEASURES, HOWEVER. THEY INCLUDE THE FOLLOWING;

"FIRST, TO INCREASE DOMESTIC PUBLIC SAVINGS BY CONTROLLING CURRENT EXPENDITURES, IMPROVING TAX YIELDS, AND PLACING PUBLIC SECTOR OPERATIONS THAT CAN BE SELF-SUPPORTING ON A VIABLE BASIS.

"SECOND, TO PREPARE MEDIUM TERM DEVELOPMENT PLANS WHICH INDICATE THE SPECIFIC POLICIES, MEASURES AND PROGRAMS REQUIRED TO EMERGE FROM PRESENT DIFFICULTIES.

"THIRD, TO RESTIMULATE THE PRIVATE SECTORS BY ESTABLISHING UNCLASSIFIED

PAGE 05 STATE 156044

WELL-DEFINED AND WELL-COMMUNICATED POLICIES ADEQUATE FOR PRIVATE SECTOR INITIATIVES.

"FOURTH, TO REDUCE DOMESTIC CONSUMPTION OF NON-ESSENTIAL IMPORTED GOODS AND TO STIMULATE COMPETITIVE ENTERPRISES

RELYING ON LOCAL MATERIALS TO PRODUCE GOODS WITH AN IMPORT-SUBSTITUTION EFFECT.

"FIFTH, TO TAKE ACTIONS TO INCREASE AND SUSTAIN EXPORT GROWTH, INCLUDING THE DIVERSIFICATION OF BOTH PRODUCTS AND MARKETS.

"FINALLY, TO INCREASE INVESTMENT IN THE AGRICULTURAL

SECTOR PLACING EMPHASIS ON EXPANDING SMALL-FARMER ACCESS TO CREDIT, TO MARKETS, TO AGRICULTURAL INPUTS AND EXTENSION SERVICES.

"SUCH MEASURES ARE ESSENTIAL TO OUR MUTUAL EFFORTS TO ENHANCE THE CAPACITY OF THE POOR IN THE DEVELOPING COUNTRIES OF THE CARIBBEAN TO MEET THEIR REQUIREMENTS OF FOOD, CLOTHING, HEALTH, EDUCATION, PRODUCTIVE EMPLOYMENT AND SHELTER.

"THE MEETINGS SCHEDULED FOR THIS WEEK WILL REVIEW RECOMMENDATIONS FOR STRENGTHENING REGIONAL COOPERATION AND THE ASSISTANCE REQUIREMENTS OF SEVERAL OF THE CARIBBEAN COUNTRIES. THE NEEDS OF CERTAIN OTHER COUNTRIES WILL BE CONSIDERED AT SUBGROUP REVIEWS TO BE HELD SUBSEQUENT TO THIS WEEK. IN ALL CASES THE SPECIFIC SELF-HELP MEASURES THAT THE COUNTRIES PLAN TO TAKE TO ADDRESS THEIR ECONOMIC DEVELOPMENT PROBLEMS WILL BE AN ESSENTIAL CONSIDERATION.

"EARLIER DISCUSSIONS INDICATED THAT AN APPROPRIATE U.S. SHARE OF THE CARIBBEAN DEVELOPMENT FACILITY FOR JULY 1978 TO JULY 1979 WOULD BE ABOUT 30 PERCENT, IF OTHER DONORS UNCLASSIFIED

PAGE 06 STATE 156044

WERE WILLING TO SUBSCRIBE TO THE REMAINING 70 PERCENT. I AM PLEASED TO REPORT TODAY MY GOVERNMENT'S INTENT, SUBJECT TO CONGRESSIONAL NOTIFICATION AND CONCURRENCE, TO PROVIDE AT THIS TIME 20 MILLION DOLLARS IN DEVELOPMENT ASSISTANCE FROM A.I.D.'S CURRENT FISCAL YEAR APPROPRIATIONS, IF OTHERS ARE READY TO CONTRIBUTE THEIR SHARE. OUR NEW FISCAL YEAR BEGINS OCTOBER 1ST. OUR ASSISTANCE WILL SUPPORT SELF-HELP MEASURES ACCEPTABLE TO THE WORLD BANK AND THE IMF, AND WILL HELP FINANCE BASIC HUMAN NEEDS PROJECTS. MOREOVER, IF THERE IS SUFFICIENT SUPPORT FROM OTHER DONORS AND IF SUBGROUP REVIEWS SCHEDULED FOR THIS WEEK AND SUBSEQUENT DATES CONFIRM APPROPRIATE SELF-HELP COMMITMENTS FROM ENOUGH COUNTRIES, WE ARE WILLING TO REVIEW OUR BUDGET AVAILABILITIES FOR 1978-1979 TO SEE IF PL-480 OR ADDITIONAL DEVELOPMENT ASSISTANCE CAN ALSO BE PROVIDED THROUGH THE FACILITY IN ITS INITIAL YEAR.

"WE ARE NOT IN A POSITION AT THIS TIME TO PLEDGE U.S. CONTRIBUTIONS TO THE FACILITY BEYOND THE REQUIREMENTS OF THE

INITIAL YEAR. OUR ACTIONS WILL BE DEPENDENT ON A VARIETY OF FACTORS THAT CANNOT NOW BE FORESEEN, INCLUDING THE AVAILABILITY OF FUNDS AND COMPETING DEMANDS FOR THOSE FUNDS, EVALUATION OF THE EFFECTIVENESS OF THE FACILITY, PERFORMANCE ON SELF-HELP MEASURES, AND THE PROGRESS OF THE CARIBBEAN GROUP IN STRENGTHENING REGIONAL COOPERATION.

I WOULD LIKE NOW TO BRIEFLY COMMENT ON THE OTHER ASPECT OF THIS MORNING'S AGENDA--NAMELY, OVERALL EXTERNAL REQUIREMENTS AND AVAILABILITIES. AT THE DECEMBER CONFERENCE I INDICATED THAT THE CARTER ADMINISTRATION WAS PREPARED TO ASK THE U.S. CONGRESS FOR ADDITIONAL DEVELOPMENT RESOURCES FOR THE CARIBBEAN. THIS WE HAVE DONE. IN OUR CONGRESSIONAL PRESENTATION FOR FISCAL YEAR 1979, WE HAVE UNCLASSIFIED

PAGE 07 STATE 156044

REQUESTED A TOTAL OF 120 MILLION DOLLARS IN AID DEVELOPMENT ASSISTANCE AND PL-480 RESOURCES FOR THE AREA. THIS LEVEL REPRESENTS NEARLY A FOUR-FOLD INCREASE OVER THE LEVEL OF FY 1975 AND NEARLY A DOUBLING OF THE LEVEL ORIGINALLY REQUESTED FOR THE CURRENT FISCAL YEAR. WE ARE CURRENTLY FORMULATING OUR FY 1980 BUDGET REQUIREMENTS AND WILL GIVE DUE CONSIDERATION TO THE NEEDS OF THE CARIBBEAN IN THIS PROCESS. THE DISCUSSIONS AND CONCLUSIONS OF THIS MEETING ARE THEREFORE MOST TIMELY IN THIS REGARD.

"AID ASSISTANCE WILL CONTINUE TO EMPHASIZE, THROUGH BILATERAL AND REGIONAL PROGRAMS, THE PARTICULAR PROBLEMS OF THE POOR: THE NEED TO INCREASE THE PRODUCTIVITY AND INCOME OF SMALL FARMERS, THE NEED TO GENERATE MORE PRODUCTIVE EMPLOYMENT OPPORTUNITIES IN BOTH RURAL AND URBAN AREAS, THE NEED TO PROVIDE ACCESS FOR THE POOR TO BETTER EDUCATION AND HEALTH SERVICES, AND THE NEED FOR ADEQUATE SHELTER. AID IS ALSO PREPARED TO SUPPORT ACTIVITIES DIRECTED AT ALTERNATIVE SOURCES OF ENERGY AND FOR ENVIRONMENTAL PRESERVATION.

"WE GIVE HIGH PRIORITY TO SUPPORTING REGIONAL INITIATIVES WHICH FOSTER ECONOMIC COOPERATION IN THE CARIBBEAN. WE VIEW REGIONAL COOPERATION AS ESPECIALLY NECESSARY TO ACHIEVE ECONOMIES OF SCALE AND TO MAKE MOST EFFICIENT USE OF AVAILABLE AND POTENTIAL RESOURCES. A BROADENING AND STRENGTHENING OF REGIONAL INSTITUTIONS, SUCH AS THE CARIBBEAN DEVELOPMENT BANK AND CARICOM, TO SERVE BOTH SUBREGIONAL AND CARIBBEAN-WIDE NEEDS, WILL BE ESPECIALLY IMPORTANT TO ACHIEVING THE BROAD OBJECTIVES OF THIS GROUP.

"SEVERAL NEW RECOMMENDATIONS FOR INCREASING REGIONAL COOPERATION, SUCH AS AGRICULTURAL RESEARCH AND THE INSTITUTIONAL STRENGTHENING OF THE CARIBBEAN FOOD CORPORATION, ARE CONTAINED IN THE DOCUMENTS PREPARED FOR THIS MEETING. THE U.S. IS PREPARED TO COLLABORATE IN MEETING THESE

UNCLASSIFIED

PAGE 08 STATE 156044

REGIONAL REQUIREMENTS. WE STAND READY TO OBJECTIVELY
CONSIDER OTHER CARIBBEAN PROPOSALS FOR REGIONAL COOPER-
ATION, ESPECIALLY AS THEY RELATE TO INCREASED USE OF
COMMON SERVICES AND TO REGIONAL INITIATIVES BENEFITTING
ALL THE COUNTRIES OF THE CARIBBEAN. INDEED WE LOOK

FORWARD TO A TIME WHEN THROUGH INDIVIDUAL DEVELOPMENT AND
MUTUAL COOPERATION, THE COUNTRIES OF THE CARIBBEAN WILL
BE IN A MUCH IMPROVED POSITION FOR ADDRESSING THE BASIC
NEEDS OF THEIR PEOPLE." END TEXT. VANCE

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